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September 5, 2003

Re: APS Rate Case: E-01345A-03-0437

Dear Parties to the Docket:

To help me in my review and consideration of this matter, I ask you to respond to these questions in your filed testimony.

- How should the Commission calculate the market value of a power plant?
- If the Commission should look at the plant's current market value instead of the original cost to build the plant, how can the Commission determine the market value?
- What power plants are on the market that can serve Arizona consumers?
- Has any other state commission faced a situation where a regulated energy utility applied to incorporate merchant assets into its rate base? What did that commission decide?
- How will competitive solicitation of wholesale power as envisioned in the Commission's Track B Order be affected by the inclusion of PWEC assets into APS?

Sincerely,

Mike Gleason
Commissioner